



Cryptocurrencies in Albania and Kosovo

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Bitcoin is a relatively new form of money – entirely digital. It is the first decentralized cryptocurrency, managed by the community of its users, working without having a supervision by central bank or management by an administrator. Unlike traditional payments, which third parties use to facilitate transactions, Bitcoin transactions do not need an intermediary, but go from one point to the other point, directly from person to person through a p2p (peer to peer) bitcoin network.

Since the invention of Bitcoin in 2009, other alternative cryptocurrencies (“altcoins”) have been introduced. Up to date, over 1,500 cryptocurrencies exist, having reached an estimated market capitalization of USD 252,000,000,000 (two hundred fifty-two billion).

This new trend has also been embraced and has started to affect countries of the Western Balkans, including Albania and Kosovo.

Kosovo seems to be following extensively this new trend. The number of miners¹ and cryptocurrency investors in Kosovo have increased, both in respect of mining and exchanging Bitcoin and/or other altcoins. They say one of the main reasons why Kosovars have embraced such a new trend is the high internet penetration rate there, 83% of households, probably the highest one in the Western Balkans.

Furthermore, in Kosovo the environment is becoming indeed matured for undergoing the technology boom. The fact that One-way Bitcoin ATMs² have started operating there is an indication of an increasing interest in investment in cryptocurrencies there.

Despite recent warnings from central banks, the demand for cryptocurrency has increased in Albania too, and very soon cryptocurrency machines are expected to be introduced here as well. Initially those machines will be supporting only bitcoin, but other altcoins are expected to be supported in the near future, too.

Following the alerts of the European Central Bank, the Bank of Albania and the Central Bank of Kosovo, have warned citizens on the potential risks from the use of cryptocurrencies, stating that because it is not legally regulated as yet, it may cause financial losses. The Central Bank of Kosovo declared that no state institutions will guarantee any indemnity for money lost in bitcoin investment. As well, the Bank of Albania has highlighted the associated risks by the fact that no financial entity has been licensed for conducting cryptocurrency business. So, any activity of that kind, it states, does not fall under the jurisdiction of the Bank of Albania.

¹ Parties contributing in the release of cryptocurrencies.

² One-way Bitcoin ATMs work by depositing money into the wallet (i.e. account of the user) and buying Bitcoins.